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Social CRM in the Airline Industry: A Case Study of Indian Airline Companies

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ABSTRACT

Social media opened new vistas of reaching consumers to airline companies. It has been evolving as a powerful communication and collaborative platform. Social Customer Relationship Management (Social CRM) has empowered many to many collaborative tech savvy consumers (Laura). Low cost no frill segment put pressure on high end airline companies to slash their prices and bring down the cost enterprise wide. Social media helped such organizations to bring customers close to the company. Airline companies are sharing their info on social networking websites, forums, blogs, wikis and other programs. These enterprises also using the platform to capture new ideas obtain feedback and offer results to customer inquiries. Few of the social media, airlines even started social commerce pages on these platforms. The research outcomes highlighted that customer interaction; engagement and advocacy are similar across social media vehicles for airline companies. The research also found that airline companies in India yet haven't understood the potential of YouTube and new vehicles like Foursquare.

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1. Introduction

Marketing communication has seen paradigm shift. Non personal communication channels are slowly passing off and personalized communication channels are gaining prominence. A telecommunication revolution in the country further fueled the development of personal communication. Marketers are now days better equipped with gadgets and business analytics software. These tools along with the internet technology helped the marketers to offer customized solutions. Social media has come out as a powerful weapon for marketers across the earth. Social Media where consumers communicate with each other across various platforms as diverse as discussion forums, blogs, wikis, social networks and video, photo and news sharing sites (Sunil Gupta, Kristen Armstrong et al 2011). Marketers discovered the force of this platform and started using this for better client relationship.

1.1. Indian Airline industry

Indian airline industry is the ninth largest civilian avian market in the creation. It carries more than 116 million passengers (IBEF). Major airlines operating in the domestic Indian market are: Indigo air, Go air, Jetlite, Airindia, Spicejet, Air Vistara, Trujet, Air Pegasus and Jet Airways. The market share of these companies is as follows

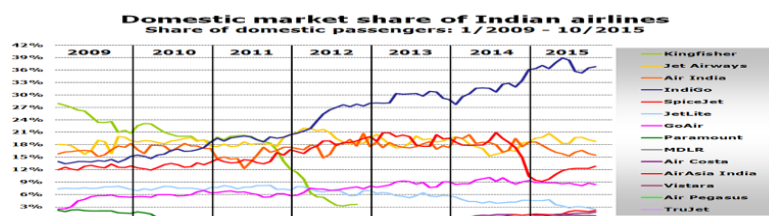


Figure 1
Market share of Indian airline companies.
(Source: Directorate general of Civil Aviation, India)

The traffic loads of these airlines are ever increasing. The following table provides insights for the same:

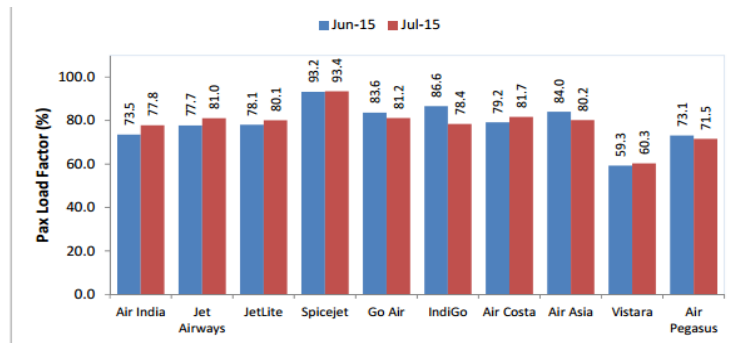


Figure 2
Passenger Traffic load in Indian Airline companies
(Source: Directorate general of Civil Aviation, India May 2015)

The industry has witnessed huge growth in terms of passenger traffic. This has enticed international carriers like Air Asia to begin their domestic services in India.



Figure 3
Annual growth of scheduled international traffic to and from India

1.2. Airline companies

Indigo: Indigo has begun its operations in 2006 and has a fleet of 61 A320s today. It is India's largest airline with total market share of 24.9 per cent as of May 2012. It is the fastest growing low cost carrier in the world provides hassle-free travel experience. IndiGo's on-time performance is one of the best in India. Its technical dispatch reliability is 99.91 per cent, reaching it the airline with the least number of cancellations in India.

Spice jet: SpiceJet is India's second largest low fare airline and with more than 20.4 per cent market share. It operates 330 flights daily to 41 Indian cities and 7 international destinations

Jetlite (Now Jet Konnect): It flies to 47 cities within India with over 430 daily flights with a mix of Boeing and ATR aircraft. With convenient schedules, reliable services and the option of flying Première on select routes offers services on low cost model.

Jet Airways: Jet Airways is a major Indian airline based in Mumbai. It is the second largest airline in India, both, in terms of market share and passengers carried, after IndiGo. It operates over 3000 flights daily to 76 destinations worldwide.

Air India: Air India is the flag carrier airline of India, owned by Air India Limited (AIL), a Government of India enterprise. It is the third largest airline in India (after IndiGo and Jet Airways), and operates a fleet of Airbus and Boeing aircraft serving various domestic and international airports.

Go Air: GoAir is an Indian low-cost airline based in Mumbai. It commenced operations in November 2005. It is the aviation foray of the Wadia Group. As of January 2014, it is the fifth largest airline in India by market share. It operates domestic passenger services to 21 cities with over 100 daily flights and approximately 750 weekly flights.

Air Pegasus: This is Bengaluru based company initially involved with maintenance and services of Airlines. It has begun its journey in April 2015 with two aircraft.

Air Vistara: This is an alliance between Tata's and Singapore airlines. The company is having headquarters in Gurugram, New Delhi. It provides services in 15 cities. The airlines began its journey from January 2015.

Turbo Airways: Turbo Megha airways, a Hyderabad base company has also begun as maintenance and service airlines like Air Pegasus. The company has started flying since 12th July 2015. It covers 7 destinations with its 3 Aircrafts.

2. A Literature review

2.1. Social Customer Relationship Management (Social CRM)

The client is always the focal point of marketers. They put all efforts to build a company and product brands by accurate positioning. However, clutter in the market place has exerted pressure on airline companies to hold customer churn rate and convert them into loyal and advocates. To be cutting edge in the corporate jungle, companies started using CRM packages of SAP, Oracle and other companies. These platforms are having closed access, high cost and complexity. The birth of the social networking era has redefined enterprise solution market. Real time engagement and mass customization are key success factors of this industry. Social media refers to “activities, practices and behaviors among communities of people who gather online to share information, Knowledge and opinion using conversational media” (Safko J, Brake). Social networking sites are public and data are managed by customers. (Bendik, Wanda). The key success factors of the social networking industry took airline companies not only creating awareness about the brand but building a long term relationship. This is what we yell it as Social CRM.

Paul Greenberg in his famous CRM 2.0 book defines Social CRM as “Social CRM is a philosophy & a business strategy, underpinned by a technology platform, business principles, processes and social features, designed to engage the client in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's response to the customer's ownership of the conversation.” The integration of social media with customer relationship is the need of hour for all the organizations (Arman 2014).

2.2. Social Customer Relationship Management (Social CRM) in airline industry

Social networking sites have become integral part of the consumer life. Airline companies are witnessing this important modification in the consumer consumption. Slowly yet steadily airline companies started embracing this platform. This social technology adoption raised the bar of service expectations of consumers. According to Flight View, Airline research agency, customers is expecting airline firms to provide information on social media about the current location of the airline, route to airport, hotels and destination information, and alert for parking and emergencies. For location and route specific information airlines are using social

networking site Foursquare (McMullen, D. 2013). The collaborative nature of social networking site in a real time with companies and peer group enticed airline companies. These organizations use Facebook, Twitter and other platforms encourage customer to provide feedback on the service quality. Virginia airline and American airlines used this data to gain competitive intelligence and breakthrough ideas (Nash 2014). Airline organizations are posting, the company and brand information on the social networking sites to create awareness and education purposes. This has led to better brand engagement (McMullen, D. 2013). Customer services like order management, return management and payment details have been added to social space (McMullen, D. 2013). Airline companies those have better customer service were able to increase their revenue (McMullen, D. 2013). According to the study conducted by Bee Yee on four Philippines airlines the information provided by airline companies on social media about flight cancellation, ticket promotion and delay in flights has resulted in more profits and generated traffic. (Liau, B. Y., & Tan, P. P. 2014). Social media has a higher influence in airline ticketing (NIIT). Purchase intention and value equity are found higher among social media consumer towards airline companies (Angelina and Eunju). Online travel agents are having a significant role in travel booking using social media [Inversini, A., &Masiero, L.2014)

Different airlines have improved their visibility among customers by effectively adopting Social media. The Nuclear Research, social media agency in its report confirmed that Jet Blue is able to reduce the cost after its footprints in social networking sites. (PR, N. 2013,). Southwest airlines provide quicker responses to customers via social media channels since 2007.Delta airlines have used social media to understand their customer sentiments. The Virginia airlines encouraged customers to post their experience on social networking sites. The response was overwhelming. Further, it expanded fan base and in turn increasing the ticket booking. (PR, N. 2013, February 27). Ryan air has used social media to keep in touch with their customers. (Johnson, L. 2014). In case of Cathy Pacific customers are using social media to tell their preferred hotels (BRANKA, N. 2015)

Strategically, Social media vehicles have been used by airline companies to monitor and interact with customers to evaluate their services (Munar, A. M. 2012). The better social listening and followed by proper implementation of strategies helped airlines to reduce pre travel costs of customers (VanAuken, K. 2015). According to Denny's chief marketing officer Frances, customer segmentation can be done on social media (McMains, A. 2012).

Facebook, Twitter and other media vehicles are used for new route announcements, introduction of new services (VanAuken, K. 2015).

Social networking sites are used abundantly at the time of crisis. In the famous ‘ Ash Crisis’ 2010, two Scandinavian airlines have used Facebook .(Bygstad, B., & Presthus, W.2013). Social networking sites can spread both positive and negative sentiments. Their speed of spreading is huge and irrevocable. A study conducted on customer sentiments on airline companies found that positive sentiments were expressed when customer got better flight experience and favorable price, but they turn to negative sentiment when their luggage was lost (Karapiperis, C. 2014). Service failures can spread very fast on social media (Belyaeva, Z. 2015). Social media also can spread false messages very quickly. Employees of the airline companies need to be trained to handle the situation. The organizations in such cases need to use media for brand recovery. It can also provide valuable insights from credible sources (Nigam, S. 2015). Customers have shown their anguish on social media at the times of flight cancellation to get alternative arrangements (Nigam, S.2015). These comments and feedbacks from customers forced companies to improve their responsiveness. (Johnson, L. 2014). Apart from these above points, returns on social media intuitive are very high. The Royal Dutch airline announced 400% return on the investment. (Nigam, S.2014). The Brand equity of airline companies has progressed. Real time interaction with employees resulted in positive sentiment among the customers of airline companies (Glusac, E. 2015).

2.3. Social CRM initiatives and plans of Indian airline companies.

Airline companies in India are using social media to provide offers, notification of flight status and itinerary details. In developed countries, online ticket purchasing on social media is witnessing robust growth, but somehow Indian companies didn’t use this mode till today. Another area where Indian airlines have not experimented with social media is missing baggage Information. This big issue of airline passenger has not been addressed by Indian airliners over social networking sites. Few of them have plans to use social media to convey the missing bag information in the future.. Western airline companies provide check in information to customers. In this aspect too Indian companies are lagging behind. Indian carriers are providing flight discovery services on social media. This is in nascent stage and has big potential to build long term relationship. Customer relationship handling is the major area where 80% of Indian airline companies are considering.

3. Research Methodology

The research was descriptive in nature. It has used Social media analytics tools to collect the data of Indian airline companies present on the various social networking websites. Sample extent was restricted to India and all airline companies operating in domestic destinations are selected for analysis. The data collected was analyzed using Friedman Test. The data collected for total number likes shares, comments and subscribers were from the inception of sampling unit service in the Indian airline sector. However, post likes, share, retweets, comments and subscription were limited to the period from January 2016 to February 2016.

4. Findings

4.1. Customer engagement on social networking sites (H1).

Customer engagement strategies are used by online retailers to sell the tickets, get new product ideas, and inform delays, introduction of new services and new routes. These companies adopt contest, polls, messages, videos and pictures engage the customers. The research has identified that the distribution of customer engagement on Facebook, Twitter and Instagram are same. This has been proved with hypothesis testing using Friedman test. (N=4, Chi square=0.615 df=2 p>0.05)

Ranks	Mean Rank
Customer engagement on Facebook	2
Engagement on twitter	1.75
Engagement on Instagram	2.25
Test Statistics ^a	
N	4
Chi-Square	0.615
Df	2
Asymp. Sig.	0.735
a. Friedman Test	

4.2. Customer Interaction on social networking sites (H2)

The research has evidenced that many airlines have put their content on the social networking but not generated any interactions. Here, researchers wanted to test do post interactions level on Facebook, twitter and Instagram are happening and same. The non parametric Friedman test was used to test hypothesis. The result of the test is as follows :(N=4, chi square=3.445 df=2 p>0.05)

Ranks	Mean Rank
Twitter interaction	1.38
post interaction level on facebook	2.25
Interaction on Instagram	2.38
Test Statistics ^a	
N	4
Chi-Square	3.455
df	2
Asymp. Sig.	0.178
a. Friedman Test	

The distribution of post interaction level on Facebook, Instagram and twitter are the same.

4.3. Customer advocacy on social networking sites (H3)

Social media encourages customers to involve in the airlines' both strategic and tactical operations. These companies not only would like to sell their services to consumer but also expect them to be advocate of the service brand. To achieve this, airline companies put faith in customer sharing their posts, likes messages, provide comments, participate in polls and involve in contests. The Friedman test is used to assess the customer involvement in advocacy functions of the airline company. The results are as follows:(N=4, Chi Square= 4.875, df=3, p>0.05)

Hypothesis 3: There is no significant difference between customer participation for airlines on social networking sites.

Ranks	Mean Rank
Number of likes on twitter	2.5
Number of likes of facebook	3.25
Youtube likes	1.5
Number of likes on Instagram	2.75
Test Statistics ^a	
N	4
Chi-Square	4.875
df	3
Asymp. Sig.	0.181
a. Friedman Test	

The distribution of post customer advocacy on Facebook, Instagram YouTube, and Twitter are the same.

5. Conclusions

Social media has emerged as a major promotion platform for the airline industry. It helps companies to interact directly with customers. Indian airline companies are late to adopt this media. Hence their customer engagement and followers on social media are very few. Airline companies need to scale up their content on YouTube, Pinterest and other social media vehicles. It is not just uploading the content; companies need to increase their replies and real time information sharing. This is high time for the highly competitive airline market to reduce the negative sentiment present on the social media. To achieve this, airline companies need to start a separate social media department to have quick response to customers. Vital information on baggage, flights and itinerary should be updated immediately to reduce any passive voice. Ticket booking using social media may add another channel for airline booking and reduce technical problems faced by the companies.

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